

## Message Text

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PAGE 01 SANTIA 03526 01 OF 02 292114Z  
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 COME-00 MMO-04 AID-05 AGRE-00

ABF-01 /029 W

-----292127Z 064183 /44

R 291802Z APR 77  
FM AMEMBASSY SANTIAGO  
TO SECSTATE WAHDC 4591

UNCLAS SECTION 1 OF 2 SANTIAGO 03526

E.O.11652:N/A

TAGS: BEXP, AFSP, XX

SUBJ: DRAFT FY 1978 COMMERCIAL ACTION PROGRAM

REF: STATE A-1111, STATE 26736, STATE 26645

### SECTION I. THE COMMERCIAL SETTING.

CONTINUED GROWTH IN THE CHILEAN ECONOMY WILL MEAN INCREASES IN IMPORTS ACROSS THE BOARD. TWO CATEGORIES, HOWEVER, STAND TO INCREASE MORE RAPIDLY THAN OTHERS, NAMELY CAPITAL AND CONSUMER GOODS. THREE MAJOR SECTORS -MINING, CONSTRUCTION AND AGRICULTURE - HAVE FOREGONE NEEDED PURCHASES OF CAPITAL EQUIPMENT IN THE PAST TWO YEARS BECAUSE OF GOVERNMENT- DEFREED AUSTERITY PROGRAMS. 1977 SHOULD WITNESS A LOOSENING OF THE REINS IN THESE THREE INDUSTRIES, ALL OF WHICH ARE HEAVILY INFLUENCED BY THE GOVERNMENT'S PURCHASING AND CREDIT POLICIES.

AT THE OPPOSITE EXTREME, CONSUMER GOODS WILL SHOW STRONG GROWTH AS MORE CHILEANS WILL HAVE MORE MONEY, A FAVORABLE EXCHANGE RATE AND INCREASINGLY LOWER DUTIES TO PAY. AFTER TWO GENERATIONS OF PROTECTIVE IMPORT BARRIERS, AND OVERLY EXPENSIVE, OFTEN SHABBY DOMESTIC SUBSTITUTES, MOST CHILEANS ARE JUST BEGINNING TO WAKE UP TO THE POSSIBILITIES OF BUYING IMPORTED EVERYDAY ITEMS SUCH AS PROCESSED FOODS, DRINKS, CLOTHING, TOYS, ELECTRONIC WARES, HOUSEHOLD

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PAGE 02 SANTIA 03526 01 OF 02 292114Z

APPLIANCES AND THE LIKE. AMERICAN FIRMS SPECIALIZING IN CONSUMER WARES SHOULD FIND THIS A FERTILE FIELD, INDEED.

BETWEEN THESE EXTREMES THE PROSPECTS FOR SEMI-PROCESSED GOODS: CHEMICALS, FIBERS, LUBRICANTS AND REPLACEMENT PARTS ARE GOOD IF NOT SPECTACULARLY SO. GENERALLY INCREASED INDUSTRIAL ACTIVITIES SHOULD LEAD TO A RISE OF 10-15 PERCENT

IN THESE IMPORTS.

THE UNITED STATES, TRADITIONALLY CHILE'S MOST IMPORTANT TRADING PARTNER, CONTINUED TO LEAD THE LIST OF CHILE'S SUPPLIERS IN 1976. ITS SHARE, ADMITEDLY OF A SLIGHTLY SMALLER CHILEAN MARKET, GREW FROM 29.4 PERCENT IN 1975 TO 30.4 PERCENT IN 1976.

SECTION II. PERSONNEL RESOURCES.

THE COUNTRY COMMERCIAL ACTION GROUP (CCAG) FOR CHILE, CHAIRED BY THE DEPUTY CHIEF OF MISSION, CONSISTS OF THE ECONOMIC-COMMERCIAL COUNSELOR, THE COMMERCIAL ATTACHE, THE AID MISSION DIRECTOR, THE PUBLIC AFFAIRS OFFICER, THE ADMINISTRATIVE COUNSELOR AND THE AGRICULTURAL ATTACHE.

STATE-FUNDED E/C SECTION PERSONNEL:

E/C COUNSELOR FSO-2 OVERALL SUPERVISION

COMMERCIAL ATTACHE FSO-3 SUPERVISES TRADE PROMOTION AND COMMERCIAL INFORMATION PROGRAMS

TRADE PROMOTION FSO-4 INDUSTRIAL REPORTING; ASSISTS OFFICER COMMERCIAL ATTACHE

E/C OFFICER FSO-4 FINANCIAL REPORTING

E/C OFFICER FSP-5 SCIENTIFIC AFFAIRS  
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PAGE 03 SANTIA 03526 01 OF 02 292114Z

E/C OFFICER FSO7 JUNIOR OFFICER TRAINEE  
(INTERMITTENT)

SECRETARY FSS-6 SECRETARY OF ECONOMIC UNIT

COMMERCIAL ADVISER FSL-9 TRADE PROMOTION ACTIVITIES

STATISTICIAN FSL-8 ECONOMIC ANALYSIS

TRANSLATOR FSL-7 TECHNICAL TRANSLATIONS AND DIPLOMATIC NOTES

RESEARCH SPECIALIST FSL-7 BASIC RESEARCH FOR MARKET STUDIES, WTDR'S, ADS,  
NEWSLETTER

LIBRARIAN FSL-7 COMMERCIAL LIBRARY, WTDR'S, TO'S,ADS

SECRETARY FSL-4 SECRETARY TO COMMERCIAL UNIT

SECTION III. REVIEW OF COMMERCIAL ACTIVITIES FY 1977:

CAMPAIGN N0.1: ELECTRONIC DATA PROCESSING EQUIPMENT.  
TARGET INDUSTRY.

ALL ACTIVITIES COMPLETED EXCEPT PROMOTIONAL EVENT WHICH  
WILL BE HELD WITHIN 2 - 3 WEEKS DEPENDING UPON AVAILABILITY  
OF USIS FILMS. CAMPAIGN CONFIRMS EMBASSY'S FEELING THAT  
MARKET FOR EDP EQUIPMENT IS GROWING RAPIDALY.

CAMPAIGN N0.2: WASTE AND POLLUTION CONTROL.

ON SCHEDULE, MARKET SURVEY TO BE COMPLETED IN MAY.  
OTHER CAMPAIGNS NOT YET SCHEDULED.

SECTION IV. CAMPAIGNS AND SPECIAL EFFORTS, FY 1978  
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PAGE 04     SANTIA 03526 01 OF 02 292114Z

CAMPAIGN N0.1: COMMUNICATIONS EQUIPMENT.

CHILE, BECAUSE OF ITS UNIQUE GEOGRAPHY, HAS VERY  
SPECIAL PROBLEMS IN INTERNAL COMMUNICATIONS. DISCUSSIONS  
WITH COMMUNICATIONS FIRMS ESTABLISHED N CHILE AS WELL AS  
WITH VISITORS LEAD US TO BELIEVE THAT THIS SECTION WILL  
EXPAND GREATLY WITHIN THE NEXT THREE YEARS IN ALL TYPES:  
TELEPHONE, MICROWAVE, SATELLITE, AUTOMATED TELEGRAPHY,  
TELEVISION, ETC.

CAMPAIGN N0.2: METALLURGICAL AND METAL PROCESSING MACHINERY.

CHILE'S PRINCIPAL EXPORTS ARE MINERALS. BY INCOR-  
PORATING ADDITIONAL METALLURGICAL AND METAL PROCESSING  
MACHINERY INTO EXISTING REFINERIES AND CONCENTRATORS, MORE  
VALUE, ALONG WITH LARGER EXPORT REVENUE, COULD BE ADDED TO  
THE PRODUCT. THE CHILEAN METAL INDUSTRY IS ALREADY MOVING  
IN THIS DIRECTION: A CAMPAIGN ON BEHALF OF U.S. SUPPLIERS  
IN FY 1978 WILL BE TIMELY.

CAMPAIGN N0.3: ENERGY CONVERSION SYSTEMS AND EQUIPMENT.

CHILE HAS IMPORTANT HYDRO-CARBON RESOURCES, BUT THEY  
ARE UNDER-DEVELOPED. AS THE COUNTRY SEEKS TO REDUCE ITS  
DEPENDENCE UPON FOREIGN ENERGY SOURCES, MORE INVESTMENT  
WILL BE NEEDED IN DEVELOPMNT OF PETROLEUM, NATURAL GAS

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PAGE 01 SANTIA 03526 02 OF 02 292116Z

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UNCLAS SECTION 2 OF 2 SANTIAGO 03526

AND COAL DEPOSITS.

CAMPAIGN N0.4: MODERN MERCHANTISING AND PACKAGING.

CHILE'S IMPROVING ECONOMY BY FY 1978 WILL ALLOW GREATER SOPHISTICATION IN INTERNAL RETAIL MARKETS (IMPROVED PRESENTATION OF PRODUCTS, SOPHISTICATED INVENTORY CONTROLS, CHECK- OUT EQUIPMENT, ETC) AT THE SAME TIME, AS THE COUNTRY'S EXPORT SECTOR EXPANDS, MORE INVENTMENT WILL BE REQUIRED TO IMPROVE THE PRESENTATION OF CHILEAN PRODUCTS AS WELL AS TO MOVE THEM MORE EFFICIENTLY TO THEIR FINAL DESTINATION. THIS WILL INVOLVE INVESTMENT IN PACKAGING EQUIPMENT AND MATERIALS HANDLING SYSTEMS.

SPECIAL EFFORT N0.1: U.S. PAVILION, SANTIAGO INTERNATIONAL

FAIR, OCTOBER 27 - NOVEMBER 13, 1977.

PREPARATIONS FOR THIS EVENT, IN COOPERATION WITH THE LOCAL U.S. CHAMBER OF COMMERCE ARE ALREADY IN PROGRESS.  
SPECIAL EFFORT N0.2: FOREIGN BUYERS PROGRAM.

PROMOTIONAL CAMPAIGNS ON BEHALF OF THE FOLLOWING EVENTS  
IN THE U.S.:

INTELCOM '77 (GEORGIA)

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PAGE 02 SANTIA 03526 02 OF 02 292116Z

BUILDING & CONSTRUCTION EXPOSITION AND CONFERENCE (ILLINOIS)

AUTOMOTIVE PARTS & ACCESSORIES SHOW (ILLINOIS)

36TH EXPOSITION OF CHEMICAL INDUSTRIES (ILLINOIS)

INTERNATIONAL EXPOSITION FOR FOOD PROCESSORS (ILLINOIS)

NATIONAL HARDWARE SHOW (ILLINOIS)

INTERNATIONAL MACHINE TOOL SHOW (ILLINOIS)

AMERICAN HOSPITAL ASSOCIATION CONVENTION (CAL.)

1978 INTERNATIONAL MINING SHOW (NEVADA)

INTERNATIONAL PUBLIC WORKS CONGRESS (MASS.)

INSTRUMENTATION/AUTOMATION CONFERENCE & EXHIBITION (PENN.)

NATIONAL PACKAGING WEEK EXPO & ASSEMBLY (ILLINOIS)

FOOD & DAIRY EXPOSITION '78 (CAL.)

SPECIAL EFFORT NO.3: IMPROVED CONSULTATION PROGRAMS BETWEEN  
EMBASSY AND LOCAL U.S.BUSINESS COMMUNITY.

THE EMBASSY HAS RECEIVED INDICATIONS FROM LOCAL U.S.  
BUSINESS REPRESENTATIVES THAT, IN ADDITION TO THE AMBASSADOR'S  
REGULAR BUSINESSMEN'S COFFEE, THEY WOULD APPRECIATE MORE  
FREQUENT CONSULTATION WITH EMBASSY OFFICERS. THE EMBASSY  
WILL ORGANIZE SUCH CONSULTATIVE SESSIONS TO TAKE PLACE AT  
VARIOUS SITES, DEPENDING ON FORMAT OF THE MEETING.

SECTION V. FINANCIAL RESOURCES.

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PAGE 03 SANTIA 03526 02 OF 02 292116Z

FY 1976    FY1977    FY 1978  
(ACTUAL) (ESTIMATE) (REQUESTED)

1. REPRESENTATION        \$ 260    \$ 290    \$ 330

2. TRAVEL                870        900        900

3. CONTRACT SERVICES OF WHICH:

A) WTDR SUPPORT        630        720        810

B) PRINTING NEWSLETTER    580        725        906

C) OTHER - REPLACEMENT  
OF AIR CONDITIONERS    445        -0-        -0-

4. COMMERCIAL LIBRARY 2,927 3,300 3,850

5. OTHER (OFFICE SUPPLIES,  
MAINTENANCE OF OFFICE  
AND EQUIPMENT) 1,621 400 450

TOTALS: \$ 7,333 \$ 6,335 \$ 7,246

(SIGNED)

MOORHEAD KENNEDY, JR.  
COUNSELOR FOR ECONOMIC AND  
COMMERCIAL AFFAIRS

(SIGNED)

ROY C. NELSON  
COUNSELOR FOR ADMINISTRATION

POPPER

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## Message Attributes

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